TESTIMONY OF
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COMMITTEE ON APPROPRIATIONS
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Mr. Chairman and Members of the Subcommittee, I am Ben Grumbles, Assistant Administrator for Water at the United States Environmental Protection Agency (EPA). Thank you for the opportunity to discuss the Chesapeake Bay Program, the recent Government Accountability Office report, and the Program's operations.

I especially want to highlight EPA's important and significant contribution toward restoring and protecting one of our Nation's greatest estuaries -- the Chesapeake Bay watershed. Working with its many partners, the Agency's Chesapeake Bay program has achieved tremendous results and successes in protecting and restoring the bay. The Chesapeake Bay ecosystem is unique, playing a vital role in the commerce of six States and the District of Columbia. The area around the bay is home to some 16 million people and provides millions more a place to enjoy its splendor and allows them to participate in recreational activities along the many miles of shoreline.

This Committee's long- standing support of EPA's Chesapeake Bay Program office has enabled it to act as a catalyst for the collective effort to

restore and protect this national treasure. We have carried out efforts with our sister agencies, State and local governments, the private sector and citizens that are a part of its watershed. As I will discuss later, there is much more work to be done. We must act quickly to remove some of the obstacles that impede our restoration efforts.

We must also remember how much we have accomplished since the Chesapeake Bay Program was established in 1984. In the last decade alone, the federal contribution has helped to leverage more than $ 5.5 billion in direct and indirect funds targeted to the bay's restoration and protection. This effort has made a profound difference to the health and vitality of the Chesapeake Bay. The work of the bay program has helped to limit the damage to its ecosystem by preserving millions of acres of critical habitat. We have seen significant restoration successes vital to the health of the bay's ecosystem, such as the 4,000 miles of stream- and bay-side forest buffers planted in the last decade. We have also seen nearly 1,800 miles of rivers and streams reopened to the passage of migratory fish. We are proud of our accomplishments made possible by the work of our Agency and its many partners, and by the commitment of this committee to assuring that the Chesapeake Bay continues to be a unique and vital resource for generations to come.

GAO Report and EPA Responses

Let me turn now to the GAO report. The GAO makes six specific recommendations in their report Chesapeake Bay Program: Improved Strategies

are Needed to Better Assess, Report, and Manage Restoration Progress (GAO-06-96). I am pleased to report that all six are being implemented. Several of the GAO's recommendations focus on the way the Program assesses and reports on the health and restoration efforts in the Bay watershed, and have been incorporated into two reports: The Chesapeake Bay 2005 Health and Restoration Assessment, Part One: Ecosystem Health; and, The Chesapeake Bay 2005 Health and Restoration Assessment, Part Two: Restoration Efforts.

As recommended by the GAO, both of our reports showcase a new integrated assessment approach. Summary graphs integrate rigorous measures of Bay health and restoration efforts.

- Our Ecosystem Health report follows GAO's recommendation to assess key ecological attributes by focusing on Water Quality, Habitats, and the status of Fish and Shellfish in the Bay.
- The reports on Ecosystem Health and Restoration Efforts are divided in the way that GAO suggests.
- We are also following GAO's recommendation that the Program establish an independent reporting process. The Bay Program has consulted with its independent Scientific and Technical Advisory Committee about conducting such a review. This unique advisory group -- which is composed of members drawn from federal and State agencies, universities, research institutions, and private industry -- formally accepted the assignment at its quarterly meeting on June 13-14 and the review is now underway. Denice Wardrop of Penn State, Kirk Havens of the Virginia Institute of Marine Sciences, and Gary Matlock of NOAA are leading the review.

GAO also made two recommendations that were related to Program management. Both of these are being implemented, as well.

- GAO recommended the EPA Program and its partners develop an overall, coordinated implementation strategy that unifies the program's various planning documents. The Program has developed documents that describe the interrelated management actions being undertaken within each strategic area. These action plans encompass the complex work of more than 100 federal, State, and local government agencies; academic institutions; non-profit organizations; and interstate commissions. The Program is developing a computer website that will provide a framework for all these efforts, including electronic links to scores of related planning and implementation documents associated with the complex task of restoring America's largest estuary.

- The second management recommendation from GAO was for the partners to establish a means to ensure that the most effective and realistic work plans are developed and implemented. The Program has developed a funding priorities framework that helps assure the most cost-effective actions are being undertaken by the jurisdictions. Similarly, the partners agreed to create a Chesapeake Bay Watershed Assistance Network, which will provide improved access to appropriate funding and technical assistance from a host of federal and State sources to accelerate restoration of the Chesapeake Bay and its tidal tributaries. Finally, I will note that EPA's draft Strategic Plan for FY2006-2011 contains a series of revised goals that are "realistic" given current levels of effort. Similarly, the Office of Water's FY2007 Guidance document contains Chesapeake Bay goals that are more realistic, in keeping with GAO's recommendation. While these planning goals are more realistic, I also want to state again that EPA is committed to the long-term restoration of the Bay, and we are actively looking for innovative approaches and better use of market mechanisms such as nutrient trading to accelerate our rate of progress.

The Chesapeake Bay Program implemented these GAO recommendations early in 2006. We have been able to do this because the Program had already undertaken a critical self-review on both its reporting methods and management strategies. In addition, the Program provided its fullest cooperation to the GAO team throughout the year-long review. For example, GAO analysts participated in a full day workshop conducted by the Program on designing new assessment and reporting methods. The GAO team

also provided the Program with a number of preliminary observations throughout the process, enabling the Program to integrate those comments into its own work plans.

EPA Chesapeake Bay Program

Since 1984, the EPA Chesapeake Bay Program has supported the governing Chesapeake Executive Council in the restoration effort. The Chesapeake Bay Program is different than most EPA programs. It does not independently issue regulations, nor does it conduct environmental cleanup programs on its own. Rather, it was designed to develop leading-edge science, serve as a catalyst for collaboration among a number of partner organizations across all levels of government, and coordinate the activities of dozens of public and private entities across a vast ecological region. Using its science and collaboration, the Program is a laboratory for identifying and promoting innovative ways of attaining restoration goals.

Pursuant to its authorizing legislation, the Program:

- Coordinates and implements the restoration's science activities. Over the past twenty years, the Program has become recognized as an international leader in estuarine science.
- Assists signatories to the Chesapeake Bay agreements in developing and implementing specific restoration action plans. Currently the Bay Program partners are engaged in putting into place river specific cleanup plans called Tributary Strategies.
- Prepares and disseminates information to the public about the health of the Bay and the restoration effort.

- And, finally, coordinates the actions of EPA with the action of other federal agencies in the restoration effort. It was in that role that I chaired a meeting last October of 17 federal departments and agencies that are all working on Bay restoration issues. We jointly signed a resolution of Cooperative Conservation, and the group will meet again this fall to review actions taken and opportunities to accelerate progress.

The Chesapeake Bay Program receives an annual appropriation of approximately $20 million to carry out these various functions. In FY2005 the Administration proposed to supplement these funds with additional Targeted Watershed Grant program funds. The Congress agreed, and you appropriated just under $8 million for that purpose. In FY2006 you appropriated an additional $5.9 million for Targeted Watershed Grants. In this year's FY2007 budget, the Administration proposed a special infusion of $6 million into the Bay Program's budget, which, along with the State match, will support a pilot restoration effort in the Corsica River watershed. Although the subcommittee decided to put these requested funds into the Targeted Watershed Grants program instead, we continue to believe that the Corsica initiative is an excellent example of cooperative conservation and will demonstrate the effectiveness of an integrated approach to watershed management that can be replicated across seven States. We look forward to working with you on this and other funding issues as the FY07 appropriations process continues.

Restoring the Bay is a long-term task, because the nature of the watershed and the shallowness of the Bay make it extremely vulnerable to what happens on the land -- all the way to the edges of the watershed, from

Cooperstown, New York to Seneca Rocks, West Virginia and down to Virginia Beach where the Chesapeake meets the Atlantic.

The population in this 64,000 square mile watershed grows by more than 100,000 annually. Development patterns take an estimated 100 acres of forest daily. The increase in impervious surface, through which rainwater cannot penetrate, has accelerated rapidly, thus reducing the capacity of the watershed to absorb pollutants. During the 1990s, population grew by about 8% and impervious surface increased about 41%. As population and impervious surface grow, ever-greater levels of effort are required to achieve the same relative pollution reductions. Despite these pressures, the Chesapeake Bay Program efforts have arrested the decline of the Bay, and achieved a net, measurable reduction of nutrient concentrations in the rivers that feed the Bay.

According to USGS monitoring, the flow adjusted nutrient concentration in most major tributaries is going down. However, nutrient loads to the Bay need to be cut nearly in half from computer-estimated 1985 load levels. The scientifically based water quality criteria, which were finalized in 2003, have drastically increased our knowledge on the reductions needed and we have adjusted our activities to meet those needs.

Reducing the nutrient and sediment loads into the Chesapeake is the major focus of the Bay Program, but it is not the only work underway. As I

mentioned earlier, the partnership has opened more than 1,800 miles of rivers and streams to the passage of migratory fish, making it the most successful fish passage program in the country. More than 4,000 miles of stream- and bay-side forest buffers have been planted in just ten years. And the amount of underwater Bay grasses has more than doubled since its low point in the early 1980s.

The annual $20 million investment in the EPA Chesapeake Bay Program has been especially effective in leveraging and directing funds from an impressive list of federal and State partners in the restoration effort. In the most complete accounting to date, GAO found that nearly $3.7 billion in direct spending and more than $1.9 billion in indirect funding was provided from 1995-2004 on the full range of restoration activities (constant FY2004 dollars). As the GAO also noted, however, “estimates of the amount of funding needed to restore the bay far surpass these figures” (GAO-06-96, p. 29). These costs, of course, will be spread among federal, State and local funding sources as well as ratepayers for water utilities and the private sector, including developers and industry.

In the last few years, the Chesapeake Bay Program has also been supporting the use of regulatory tools to promote restoration activities. Through the scientific and collaborative processes that are the Program’s hallmark, the EPA Bay Program led all seven watershed jurisdictions and stakeholders to establish new water quality goals for the Bay tidal waters -- goals that are both

more scientific and significantly more attainable than the former standards. These goals are now embodied in new State water quality standards. The partners -- including the States of Delaware, Maryland, New York, Pennsylvania, Virginia and West Virginia as well as the District of Columbia and EPA then used the Bay Program's analytical tools to reach consensus on new pollution budgets for all parts of the watershed to serve as the basis for assigning cleanup responsibility in the Tributary Strategies. The Bay Program's extensive compilation of technology and cost information was used to assess the most cost-effective practices to emphasize.

In December 2004, EPA issued a Chesapeake Bay basin-wide "permitting approach" for municipal and industrial wastewater NPDES point sources. More than 450 wastewater facilities across all jurisdictions are covered by this approach, and the net nitrogen reduction load to the Bay is estimated at over 17 million pounds annually when all the permits are implemented over the next several years. These pollution reductions are impressive, and would not be occurring without the EPA Chesapeake Bay Program. Bay Program science justified use of annual (rather than weekly or monthly) limits in the permits -- which will result in saving considerable unnecessary expense. This innovative permitting approach shows that watershed partnerships can yield impressive environmental results.

The Program is also supporting the States in developing nutrient trading programs and evaluating innovative nutrient reduction technologies, in order to bring the costs of restoration down wherever possible. Virginia has drafted a watershed permit that provides for trading, and it will cover all 125 significant wastewater facilities in the Commonwealth by next January. A cost analysis conducted for the Bay Program estimated that nutrient trading could save $200 million in the Potomac River basin by 2011. Similarly, Pennsylvania has already approved trades on a case-by-case basis and is moving ahead with a broad permitting policy.

These new regulatory and nutrient trading programs hold great promise to accelerate the restoration of the Chesapeake Bay. The EPA's Clean Air Interstate Rule, promulgated last year, is another significant regulatory initiative that should result in an annual reduction in nitrogen reaching the Bay.

We have made a major investment in the restoration of the Chesapeake Bay and are seeing improvements, but more work remains to achieve the Program's long term goals. We will continue to work with this Committee and the many partners, stakeholders, and citizens who want to accelerate the pace and efficiency of environmental progress and restoration. This concludes my prepared remarks; I would be happy to respond to any questions you may have.

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